

**ORDER APPROVING
STIPULATION REGARDING AGREED (I) SCHEDULING ORDER AND
(II) ORDER FURTHER EXTENDING TEMPORARY RESTRAINING ORDER**

Upon consideration of the *Stipulation Regarding Agreed (I) Scheduling Order and (II) Order Further Extending Temporary Restraining Order* [Docket No. 91] (the “Stipulation”)¹ by and between Highland Capital Management, L.P., as debtor-in-possession (the “Debtor”), on the one hand, and Highland Capital Management Fund Advisors, L.P. (“HCMFA”), NexPoint Advisors, L.P. (“NPA” and together with HCMFA, the “Advisors”), Highland Income Fund (“HIF”), NexPoint Strategic Opportunities Fund (“NSOF”), and NexPoint Capital, Inc. (“NCI” and together with HIF and NSOF, the “Funds,” and together with the Advisors, the “Defendants,” and the Defendants and the Debtor together, the “Parties”), on the other hand, it is **HEREBY ORDERED THAT:**

1. The Stipulation, a copy of which is attached hereto as **Exhibit A**, is **APPROVED**.
2. The Stipulation shall become effective immediately upon entry of this Order.
3. With respect to the Adversary Proceeding, the Parties shall abide by the following

pretrial schedule (the “Joint Pretrial Schedule”):

<i>Joint Pretrial Schedule</i>	
<u>Event</u>	<u>Deadline</u>
1. Deadline to Answer Complaint	April 28, 2021
2. Service of Written Discovery Requests	May 3, 2021
3. Service of Written Responses to Discovery	June 1, 2021
4. Completion of Fact Discovery	June 9, 2021
5. Expert Disclosures	June 16, 2021
6. Completion of Expert Discovery	June 23, 2021
7. Exhibit and Witness Lists	June 28, 2021

¹ Capitalized terms not otherwise defined in this Order shall have the meanings ascribed to them in the Stipulation.

8. Joint Pretrial Order and Proposed Findings of Fact and Conclusions of Law	July 1, 2021
9. Oral Argument on Motion to Dismiss and Trial on the Merits	July 13 and 14, 2021, commencing at 9:30 a.m. Central Time each day

4. The Joint Pretrial Schedule set forth in this Order shall only be modified in a writing signed by the Parties or upon the entry of an order of the Court entered upon notice to the Parties.

5. Paragraph 4 of the Consensual TRO is deemed deleted and replaced in its entirety with the following new paragraph 4: “This Order shall remain in effect until the Court’s entry of an order determining the Debtor’s claim for a permanent injunction against the Defendants. The Defendants retain the right to seek, by separate motion, a modification or shortening of such extended period, provided that they shall not seek any such shortening prior to July 31, 2021.”

6. The Court shall retain jurisdiction over all disputes arising out of or otherwise concerning the interpretation and enforcement of the Stipulation and this Order, subject to any objection to the Court’s jurisdiction or core jurisdiction and subject to any motion for the withdrawal of the reference, with respect to which all parties reserve their rights, if any.

###End of Order###

EXHIBIT A

Facsimile: (310) 201-0760

Fax: (972) 755-7110

Counsel for Highland Capital Management, L.P.

E-mail: drukavina@munsh.com

*Counsel for Highland Capital Management Fund
Advisors, L.P.*

Telephone: (919) 743-7306

Telephone: (214) 939-5659

Counsel for Highland Income Fund, Nexpoint Strategic Opportunities Fund, Highland Global Allocation Fund, and Nexpoint Capital, Inc.

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

Adversary Proceeding No.

¹ The Debtor's last four digits of its taxpayer identification number are (6725). The headquarters and service address for the above-captioned Debtor is 300 Crescent Court, Suite 700, Dallas, TX 75201.

	§	No. 21-03000-sgj11
Plaintiff,	§	
	§	
vs.	§	
	§	
HIGHLAND CAPITAL MANAGEMENT FUND	§	
ADVISORS, L.P., NEXPOINT ADVISORS, L.P.,	§	
HIGHLAND INCOME FUND, NEXPOINT	§	
STRATEGIC OPPORTUNITIES FUND,	§	
NEXPOINT CAPITAL, INC., AND CLO	§	
HOLDCO, LTD.,	§	
Defendants.		

**STIPULATION REGARDING AGREED (I) SCHEDULING ORDER AND
(II) ORDER FURTHER EXTENDING TEMPORARY RESTRAINING ORDER**

This stipulation (the “Stipulation”) is made and entered into by and between Highland Capital Management, L.P., as debtor-in-possession (the “Debtor”), on the one hand, and Highland Capital Management Fund Advisors, L.P. (“HCMFA”), NexPoint Advisors, L.P. (“NPA” and together with HCMFA, the “Advisors”), Highland Income Fund (“HIF”), NexPoint Strategic Opportunities Fund (“NSOF”), and NexPoint Capital, Inc. (“NCI” and together with HIF and NSOF, the “Funds,” and together with the Advisors, the “Defendants,” and the Defendants and the Debtor, together the “Parties”), on the other hand, by and through their respective undersigned counsel.

RECITALS

WHEREAS, on October 16, 2019 (the “Petition Date”), the Debtor filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”) in the Bankruptcy Court for the District of Delaware, Case No. 19-12239 (CSS) (the “Delaware Court”);

WHEREAS, on December 4, 2019, the Delaware Court entered an order transferring venue of the Debtor’s bankruptcy case (the “Bankruptcy Case”) to this Court [Docket No. 186];

WHEREAS, on January 6, 2021, the Debtor commenced an adversary proceeding (the “Adversary Proceeding”) against Defendants by filing its complaint (the “Complaint”) [Docket No. 1]² (the “Complaint”);

WHEREAS, on January 8, 2021, the Court issued its *Order Regarding Adversary Proceedings Trial Setting and Alternative Scheduling Order* [Docket No. 12] (the “Alternative Scheduling Order”);

WHEREAS, on January 13, 2021, the Court entered that certain *Agreed Order Granting Defendant’s Motion for a Temporary Restraining Order Against Certain Entities Owned and/or Controlled by Mr. James Dondero* [Docket No. 20] (the “Consensual TRO”);

WHEREAS, on January 24, 2021, the Advisors and Funds moved to dismiss the Complaint [Docket No. 43] (the “Motion to Dismiss”);

WHEREAS, on January 26, 2021, the Debtor and CLO Holdco, Ltd. filed that certain *Notice of Settlement* pursuant to which the Debtor and CLO Holdco, Ltd. resolved their disputes and CLO Holdco, Ltd. was dismissed from this Adversary Proceeding [Docket No. 50];

WHEREAS, on January 26, 2021, the Court held an evidentiary hearing on the Debtor’s motion for a preliminary injunction (the “Preliminary Injunction Hearing”), and such hearing has been continued;

WHEREAS, on February 10, 2021, the Court entered that certain *Agreed Order Extending Temporary Straining Order* [Docket No. 64], pursuant to which the Consensual TRO was extended;

WHEREAS, on February 24, 2021, the Court entered that certain *Agreed Order Further Extending Temporary Straining Order* [Docket No. 76], pursuant to which the Consensual TRO

² Refers to the docket number maintained in the above-captioned Adversary Proceeding.

was further extended;

WHEREAS, on March 1, 2021, the Debtor filed its opposition to the Motion to Dismiss and a memorandum of law in support thereof [Docket Nos. 79, 80] (the “Debtor’s Opposition”);

WHEREAS, on March 17, 2021, the Defendants filed their reply to the Debtor’s Opposition [Docket No. 85];

WHEREAS, the Parties have conferred and desire to: (a) dispense with the completion of the Preliminary Injunction Hearing and move to the trial on the merits, (b) hold a single trial on all of the Debtor’s claims asserted in this Adversary Proceeding, including the claim for a permanent injunction, (c) enter into the proposed schedule specifically set forth below, and (d) continue the Consensual TRO until the Court enters an order determining the Debtor’s claim for permanent injunctive relief against the Defendants.

NOW, THEREFORE, it is hereby stipulated and agreed, and upon approval of this Stipulation by the Court, it shall be SO ORDERED:

1. The Parties agree to the following schedule (the “Proposed Joint Scheduling Order”):

<i>Proposed Joint Scheduling Order</i>	
<u>Event</u>	<u>Deadline</u>
1. Deadline to Answer Complaint	April 28, 2021
2. Service of Written Discovery Requests	May 3, 2021
3. Service of Written Responses to Discovery	June 1, 2021
4. Completion of Fact Discovery	June 9, 2021
5. Expert Disclosures	June 16, 2021
6. Completion of Expert Discovery	June 23, 2021
7. Exhibit and Witness Lists	June 28, 2021
8. Joint Pretrial Order and Proposed Findings of Fact and Conclusions of Law	July 1, 2021
9. Trial Docket Call	July 5, 2021

10. Oral Argument on Motion to Dismiss and Trial on the Merits	July 13 and 14, 2021, commencing at 9:30 a.m. Central Time each day
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2. If approved by the Court, the Proposed Joint Scheduling Order shall only be modified in a writing signed by the Parties or upon the entry of an order of the Court entered upon notice to the Parties.

3. Paragraph 4 of the Consensual TRO is deemed deleted and replaced in its entirety with the following new paragraph 4: “This Order shall remain in effect until the Court’s entry of an order determining the Debtor’s claim for a permanent injunction against the Defendants.”

4. The Court shall retain jurisdiction over all disputes arising out of or otherwise concerning the interpretation and enforcement of this Stipulation, subject to any objection to the Court’s jurisdiction or core jurisdiction and subject to any motion for the withdrawal of the reference, with respect to which all parties reserve their rights, if any.

[Remainder of Page Intentionally Blank]

Dated: April 21, 2021.

MUNSCH HARDT KOPF & HARR, P.C.

/s/ Davor Rukavina

Davor Rukavina
Texas Bar No. 24030781
Julian P. Vasek, Esq.
Texas Bar No. 24070790
3800 Ross Tower
500 N. Akard Street
Dallas, Texas 75201-6659
Telephone: (214) 855-7500
Facsimile: (214) 855-7584
E-mail: drukavina@munsch.com

Counsel for NexPoint Advisors, L.P.

K&L GATES LLP

/s/ A. Lee Hogewood III

A. Lee Hogewood III (w/ permission)
4350 Lassiter at North Hills Ave.
Suite 300
Raleigh, NC 27609
Telephone: (919) 743-7306

Artoush Varshosaz (TX Bar No. 24066234)
1717 Main Street, Suite 2800
Dallas, TX 75201
Telephone: (214) 939-5659

Counsel for Highland Income Fund, Nexpoint Strategic Opportunities Fund, Highland Global Allocation Fund, and Nexpoint Capital, Inc.

- and -

PACHULSKI STANG ZIEHL & JONES LLP

Jeffrey N. Pomerantz (CA Bar No. 143717)
Ira D. Kharasch (CA Bar No. 109084)
John A. Morris (NY Bar No. 266326)
Gregory V. Demo (NY Bar No. 5371992)
Hayley R. Winograd (NY Bar No. 5612569) 10100
Santa Monica Blvd., 13th Floor
Los Angeles, CA 90067
Telephone: (310) 277-6910
Facsimile: (310) 201-0760
E-mail: jpomerantz@pszjlaw.com
ikharasch@pszjlaw.com
jmorris@pszjlaw.com
gdemo@pszjlaw.com
hwinograd@pszjlaw.com

- and -

HAYWARD PLLC

/s/ Zachery Z. Annable
Melissa S. Hayward
Texas Bar No. 24044908
MHayward@HaywardFirm.com
Zachery Z. Annable
Texas Bar No. 24053075
ZAnnable@HaywardFirm.com
10501 N. Central Expy, Ste. 106
Dallas, Texas 75231
Telephone: (972) 755-7100
Facsimile: (972) 755-7110

Counsel for Highland Capital Management, L.P.

United States Bankruptcy Court
Northern District of Texas

Highland Capital Management, L.P.,
Plaintiff
Highland Capital Management Fund Advisor,
Defendant

Adv. Proc. No. 21-03000-sgj

CERTIFICATE OF NOTICE

District/off: 0539-3

User: mmathews

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Date Rcvd: Apr 28, 2021

Form ID: pdf001

Total Noticed: 6

The following symbols are used throughout this certificate:

Symbol	Definition
+	Addresses marked '+' were corrected by inserting the ZIP, adding the last four digits to complete the zip +4, or replacing an incorrect ZIP. USPS regulations require that automation-compatible mail display the correct ZIP.

Notice by first class mail was sent to the following persons/entities by the Bankruptcy Noticing Center on Apr 30, 2021:

Recip ID	Recipient Name and Address
ust	+ Cheryl Wilcoxson, US Trustee, 1100 Commerce St., Ste. 976, Dallas, TX 75242-0996
dft	+ Highland Capital Management Fund Advisors, L.P., K&LGates LLP, c/o Stephen G. Topetzes, 1600 K Street, NW, Washington, DC 20006-2806
dft	+ Highland Income Fund, K&L Gates LLP, c/o Stephen G. Topetzes, 1600 K Street, NW, Washington, DC 20006-2806

TOTAL: 3

Notice by electronic transmission was sent to the following persons/entities by the Bankruptcy Noticing Center.

Electronic transmission includes sending notices via email (Email/text and Email/PDF), and electronic data interchange (EDI). Electronic transmission is in Eastern Standard Time.

Recip ID	Notice Type: Email Address	Date/Time	Recipient Name and Address
ust	+ Email/Text: ustpregion06.ty.ecf@usdoj.gov	Apr 28 2021 21:14:00	US Trustee, Office of the U.S. Trustee, 110 N. College Ave., Suite 300, Tyler, TX 75702-7231
ust	+ Email/Text: ustpregion07.hu.ecf@usdoj.gov	Apr 28 2021 21:14:00	US Trustee, Office of the US Trustee, 515 Rusk Ave, Ste 3516, Houston, TX 77002-2604
ust	+ Email/Text: ustpregion06.da.ecf@usdoj.gov	Apr 28 2021 21:14:00	United States Trustee, 1100 Commerce Street, Room 976, Dallas, TX 75242-0996

TOTAL: 3

BYPASSED RECIPIENTS

The following addresses were not sent this bankruptcy notice due to an undeliverable address, *duplicate of an address listed above, *P duplicate of a preferred address, or ## out of date forwarding orders with USPS.

Recip ID	Bypass Reason	Name and Address
ust		Sandra Nixon, U.S. Trustee
ust		mario zavala
ust	*+	US Trustee, Office of the U.S. Trustee, 110 N. College Ave., Suite 300, Tyler, TX 75702-7231

TOTAL: 2 Undeliverable, 1 Duplicate, 0 Out of date forwarding address

NOTICE CERTIFICATION

I, Joseph Speetjens, declare under the penalty of perjury that I have sent the attached document to the above listed entities in the manner shown, and prepared the Certificate of Notice and that it is true and correct to the best of my information and belief.

Meeting of Creditor Notices only (Official Form 309): Pursuant to Fed .R. Bank. P.2002(a)(1), a notice containing the complete Social Security Number (SSN) of the debtor(s) was furnished to all parties listed. This official court copy contains the redacted SSN as required by the bankruptcy rules and the Judiciary's privacy policies.

Date: Apr 30, 2021

Signature: /s/Joseph Speetjens

District/off: 0539-3
Date Rcvd: Apr 28, 2021

User: mmathews
Form ID: pdf001

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Total Noticed: 6

CM/ECF NOTICE OF ELECTRONIC FILING

The following persons/entities were sent notice through the court's CM/ECF electronic mail (Email) system on April 28, 2021 at the address(es) listed below:

Name	Email Address
A. Lee Hogewood, III	on behalf of Defendant NexPoint Advisors L.P. lee.hogewood@klgates.com, haley.fields@klgates.com;matthew.houston@klgates.com;mary-beth.pearson@klgates.com;litigation.docketing@klgates.com;Em ily.mather@klgates.com;Artoush.varshosaz@klgates.com
A. Lee Hogewood, III	on behalf of Defendant NexPoint Capital Inc. lee.hogewood@klgates.com, haley.fields@klgates.com;matthew.houston@klgates.com;mary-beth.pearson@klgates.com;litigation.docketing@klgates.com;Em ily.mather@klgates.com;Artoush.varshosaz@klgates.com
A. Lee Hogewood, III	on behalf of Defendant Highland Income Fund lee.hogewood@klgates.com haley.fields@klgates.com;matthew.houston@klgates.com;mary-beth.pearson@klgates.com;litigation.docketing@klgates.com;Em ily.mather@klgates.com;Artoush.varshosaz@klgates.com
A. Lee Hogewood, III	on behalf of Defendant NexPoint Strategic Opportunities Fund lee.hogewood@klgates.com haley.fields@klgates.com;matthew.houston@klgates.com;mary-beth.pearson@klgates.com;litigation.docketing@klgates.com;Em ily.mather@klgates.com;Artoush.varshosaz@klgates.com
A. Lee Hogewood, III	on behalf of Defendant Highland Capital Management Fund Advisors L.P. lee.hogewood@klgates.com, haley.fields@klgates.com;matthew.houston@klgates.com;mary-beth.pearson@klgates.com;litigation.docketing@klgates.com;Em ily.mather@klgates.com;Artoush.varshosaz@klgates.com
Artoush Varshosaz	on behalf of Defendant NexPoint Strategic Opportunities Fund artoush.varshosaz@klgates.com Julie.garrett@klgates.com
Artoush Varshosaz	on behalf of Defendant Highland Income Fund artoush.varshosaz@klgates.com Julie.garrett@klgates.com
Artoush Varshosaz	on behalf of Defendant Highland Capital Management Fund Advisors L.P. artoush.varshosaz@klgates.com, Julie.garrett@klgates.com
Artoush Varshosaz	on behalf of Defendant NexPoint Capital Inc. artoush.varshosaz@klgates.com, Julie.garrett@klgates.com
Artoush Varshosaz	on behalf of Defendant NexPoint Advisors L.P. artoush.varshosaz@klgates.com, Julie.garrett@klgates.com
Davor Rukavina	on behalf of Defendant Highland Income Fund drukavina@munsch.com
Davor Rukavina	on behalf of Defendant Highland Capital Management Fund Advisors L.P. drukavina@munsch.com
Davor Rukavina	on behalf of Defendant NexPoint Capital Inc. drukavina@munsch.com
Davor Rukavina	on behalf of Defendant NexPoint Strategic Opportunities Fund drukavina@munsch.com
Davor Rukavina	on behalf of Defendant NexPoint Advisors L.P. drukavina@munsch.com
John J. Kane	on behalf of Defendant CLO Holdco Ltd. jkane@krcl.com, ecf@krcl.com;jkane@ecf.courtdrive.com
Julian Preston Vasek	on behalf of Defendant NexPoint Strategic Opportunities Fund jvasek@munsch.com
Julian Preston Vasek	on behalf of Defendant NexPoint Advisors L.P. jvasek@munsch.com
Julian Preston Vasek	on behalf of Defendant Highland Capital Management Fund Advisors L.P. jvasek@munsch.com
Julian Preston Vasek	on behalf of Defendant Highland Income Fund jvasek@munsch.com
Julian Preston Vasek	on behalf of Defendant NexPoint Capital Inc. jvasek@munsch.com
Juliana Hoffman	

District/off: 0539-3

User: mmathews

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Date Rcvd: Apr 28, 2021

Form ID: pdf001

Total Noticed: 6

on behalf of Creditor Committee Official Committee of Unsecured Creditors jhoffman@sidley.com
txefilingnotice@sidley.com;julianna-hoffman-8287@ecf.pacerpro.com

Matthew A. Clemente

on behalf of Creditor Committee Official Committee of Unsecured Creditors mclemente@sidley.com
matthew-clemente-8764@ecf.pacerpro.com;efilingnotice@sidley.com;ebromagen@sidley.com;alyssa.russell@sidley.com;dtwom
ey@sidley.com

Paige Holden Montgomery

on behalf of Creditor Committee Official Committee of Unsecured Creditors pmontgomery@sidley.com
txefilingnotice@sidley.com;paige-montgomery-7756@ecf.pacerpro.com;crognos@sidley.com;ebromagen@sidley.com;efilingnoti
ce@sidley.com

Zachery Z. Annable

on behalf of Plaintiff Highland Capital Management L.P. zannable@haywardfirm.com

TOTAL: 25